

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7507

BILL NUMBER: HB 1780

NOTE PREPARED: Jan 13, 2003

BILL AMENDED:

SUBJECT: Environmental rulemaking boards.

FIRST AUTHOR: Rep. Friend

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill places the technical secretary and legal counsel of each environmental rulemaking board (ERB) under the management of the Office of Environmental Adjudication. With respect to rulemaking by an ERB, the bill expands the duties of the technical secretary, limits the involvement of the Department of Environmental Management, and requires earlier consideration of certain information on fiscal impact. With respect to environmental nonrule policy documents, the bill requires publication of notice of proposed adoption by an ERB, and provides for public comments. It also adds an economist to the membership of each ERB. The bill repeals provisions allowing appointment of a proxy for meetings by an ex officio ERB member.

Effective Date: July 1, 2003.

Explanation of State Expenditures: Currently, the Air Pollution Control Board, the Water Pollution Control Board, and the Solid Waste Management Board each contracts with a technical secretary who reviews materials prepared for the boards by the Department of Environmental Management (IDEM). Each board also contracts with a legal counsel who advises the board on legal matters and reviews material prepared by the Department and directs the Department to make necessary changes. IDEM staff handle correspondence, arrange for investigations and surveys, and prepare reports as directed by the board.

The proposal expands the duties of the technical secretaries by having them perform the work that IDEM staff currently perform for the boards. The proposal also requires the secretaries to serve as hearing officers, to convene and lead board meetings, and to initiate and manage rulemaking efforts.

Eliminating IDEM's responsibilities could save the Department some expenses associated with providing

the services for the boards. However, increasing the responsibilities of the secretaries could increase expenses of the Office of Environmental Adjudication, which will manage the work of the legal counsels and technical secretaries for the boards. As of 12/07/2002, the Office of Environmental Adjudication maintained a staff of three full-time employees: one administrative judge, one attorney, and one administrative assistant. Salaries for the personnel totaled \$121,621. The specific impact is indeterminable and would depend upon the extent and nature of the services required by each board. Expenses for each of the boards for 2001 are listed below.

	Board Expenses for	Amount Funded by	Amount Funded by Dedicated
Air	15,487	15,487	0
Water	13,687	3,695	9,992
Solid	14,548	6,692	7,856
Total	43,722	25,875	17,847

The Governor appoints the director of the Office of Environmental Adjudication based on recommendations of a four member panel appointed by the Governor. The director identifies five candidates to serve as technical secretary and five to serve as legal counsel. The director would then employ the candidate selected by the board. If the director determines that there is insufficient funding or workload to hire one counsel for each board, the director could hire one or two to staff any or all of the three boards.

The salaries of the board technical secretaries and legal counsel are to be paid from the Environmental Management Permit Fund and the Title V Operating Permit Program Trust Fund. As of June 30, 2002, the funds maintained the following balances:

Fund 2830 - Environmental Management Permit Operation Fund	
Cash:	\$8,411,416
Investments:	\$0
Total Assets of the Permit Operations Fund as of June 30, 2002:	\$8,411,416
Encumbrances	\$1,582,884
Fund Balance:	\$6,828,532
Source: Auditor of State	
Reversions Fiscal Year 2002:	\$0
Obligations Identified by IDEM: Contracts and grants.	\$320,000

Title V Operating Permit Program Trust Fund		Fund: 2760
Cash:		\$14,580,213
Investments:		\$0
Total Assets of the Title V Operating Permit Program Trust Fund as of June 30, 2002:		\$14,580,213
Encumbrances		\$52,859
Fund Balance:		\$14,527,354
Reversions Fiscal Year 2002: Title V Air Permit Program (Account 150000)		\$2,288,136
Title V Air Permit Program (Account 150001)		\$151,185
Total Fund Reversions		\$2,439,321
Obligations Identified by IDEM: Contracts		\$5,660,430

With respect to rulemaking by an ERB, the bill requires earlier consideration of certain information on the fiscal impact. With respect to environmental nonrule policy documents, the bill requires publication of notice of proposed adoption by an ERB and provides for public comments. These provisions may increase administrative expenses by an indeterminable amount. Expenses will depend on the number and nature of the notices. Adding an economist to the membership of each ERB will also increase, by an expected minimal amount, expenses for the boards.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IDEM, Air Pollution Control Board, Water Pollution Control Board, Office of Environmental Adjudication, and Solid Waste Management Board.

Local Agencies Affected:

Information Sources: Board expenditures provided by IDEM. Budget information obtained from the State Auditor.

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